

## REMARKS

Claims 1-24 are currently pending in the application. Claim 1 has been amended for clarification purposes only and not for reasons related to patentability. The amendment of claim 1 does not narrow the scope of claim 1. Further, the amendment of claims 5-7, and 10-12 have all been made to ensure that they are consistent with the amendment of claim 1 and each of these amendments have no narrowing effect on their individual scope.

The specification has been amended to correct a minor inconsistency identified between the specification and the drawings.

In the last response filed on January 11, 2002, formal drawings were submitted for approval by the Examiner. The instant Office Action did not acknowledge receipt of the formal drawings. Accordingly, it is requested in the next Office Action that the Examiner acknowledge receipt of such formal drawings and provide an indication as to the acceptability of these formal drawings.

An information disclosure statement (IDS) was filed on February 14, 2002. In the instant Office Action there was no acknowledgement that such IDS was received and reviewed by the Examiner. Accordingly, it is respectfully requested that in the next official communication from the Examiner the PTO 1449 be returned to the Applicant with an indication that the submitted references were reviewed by the Examiner.

Claims 1-11 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Rose (U.S. Patent No. 5,757,917). This rejection is respectfully traversed for the reasons set forth below.

As discussed in detail in the last office action, independent claim 1 is directed toward a method whereby buyer purchases are accounted for by debiting a buyer vault. Additionally, when a buyer is given a refund, the refund amount is credited to the vault and is also accounted for in a refund account. Thus, while the accounting for the refund in the vault ensures that the funds in the buyer's vault accurately reflects the current status of all refunds and purchases, the refund account provides a view of the total refund activity by a particular buyer over time. This refund account allows for the easy identification of potential refund abusers by simply looking at the current status of the

refund account. It is submitted that Rose does not teach or suggest the claimed step E) where refunds are tracked in a refund account while total refund and purchase activity are accounted for in a vault.

In the last-filed response, the Applicants set forth in detail the deficiencies of Rose with respect to the claimed accounting for refunds in a refund account and such arguments are still relevant. That is, the Examiner submits that Rose teaches the creating of the claimed refund account at a payment computer and relies upon col. 3, lines 38-43; col. 5, lines 25-30, and col. 6 lines 19-21 and 33-37 of Rose in support of this position. However, it is submitted that nothing in Rose, including the aforementioned sections support the Examiner's position.

Regarding col. 3 lines 38-43, this section only refers to the financial settlement system 30 which is a conventional credit card system. The acquirer 34 is the seller's bank which requests payment from the credit card issuer bank 32. The issuer 32 sends the conventional monthly statement and credit card bills to the buyer. Therefore, this section does not address the establishment of the claimed refund account for the buyer and is not even directed to a vault having buyer funds therein. The buyer sends payment to the issuer bank 32 which forwards the payment to the acquirer bank 34.

Col. 5, lines 25-30 also does not discuss the establishment of a buyer vault or the claimed refund account. This section only states that buyer accounts 100 can be established at the payment system 10. However, these accounts 100 (shown in Figure 4) are not vaults or any type of accounting system. The account 100 is simply a way of identifying the buyer at the system 10. The account 100 includes a pay-in selection 108. The pay-in selection 108 identifies how payment will be made which, as discussed at col. 5 lines 62-64, is typically done using the conventional credit card system 30.

Col. 6 lines 19-21 and 33-37 discuss the role of a conventional seller's agent 115 who performs the credit card authorizations and chargebacks. The chargeback is simply a refund credit applied to the credit card account that shows up as a debit on the monthly statement. The applicants are not claiming they are the first to establish giving refunds. What is being claimed is the establishment of a refund account that can track the total amount of all buyer refunds over time in order to identify potential refund abusers. This section of Rose does not teach such a refund tracking mechanism.

It is also important to note that in the last Office Action the Examiner admitted that Rose did not teach or suggest the claimed refund account, which the Examiner referred to as a "segregated refund account", and the associated accounting for refunds therein. The Examiner however took "Official Notice" that such claim element was known. The Applicants challenged the Examiner on such Official Notice position, which position was withdrawn by the Examiner in the instant Office Action. However, the Examiner has not produced a reference or identified where in Rose the claimed accounting for refunds in a refund account while debiting and crediting a vault is either taught or suggested.

The Examiner is also advised that other Official Notice provisions taken by the Examiner in the last Office Action that have now been withdrawn also suffer from the fact that the Examiner has admitted that Rose does not teach the elements associated with the previous Official Notice positions. The Examiner has not, in the instant office Action, identified references that teach or suggest the claim elements the Examiner previously identified as being known under the concept of Official Notice.

In view of the above, all arguments set forth in the last response are considered applicable to the instant claims and are incorporated herein by reference.

It is submitted that Rose does not teach or suggest all of the elements of claim 1 as discussed above. Further, claims 2-11 which all depend from claim 1 are considered patentable over Rose based on their dependency from claim 1 as well as for the reasons set forth in the last-filed response.

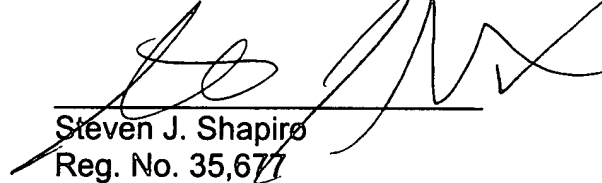
Claim 12 stands rejected under 35 U.S.C. 103(a) as being unpatentable in view of Rose and Hawkins (U.S. patent No. 6,029,146). This rejection is respectfully traversed for the reasons set forth below.

Hawkins was cited for teaching the use of a broker computer. However, Hawkins does not correct the deficiencies of Rose that were discussed above with respect to the claimed use of a refund account. Claim 12, which is a structure that executes the steps of claim 1, is considered patentable over Rose for the same reasons enumerated above for claim 1.

Newly added claims 13-24 are patentable over Rose for at least the same reasons set forth above concerning the use of the refund account.

It is submitted that the application stands in condition for allowance.  
Reconsideration of the rejections is respectfully requested and an early notice of allowance earnestly solicited. If the Examiner has any additional questions, please contact the undersigned at the number below.

Respectfully submitted,



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Version with Markings to Show Changes MadeIn the specification:

*First full paragraph on page 12, bridging onto page 13:*

Once the buyer decides to purchase the digital content 206 of the downloaded file 180, the plug-in 178 generates a purchase request that is sent to the broker server 132. The purchase request is created by the plug-in 178 by digitally signing information contained in the header 202 such as the product ID and the price together with the buyer ID and signing this information with the private key  $K_{BV}$  of the buyer 102 (step 616). In addition to the purchase request, the header 202 information of file 180 is also sent to the broker server 132. The purchase request and header 202 are sent to the broker computer 132 via a SSL (step 618). The broker computer 132 obtains the public key  $K_{BU}$  of the buyer from the buyer vault 170 and uses it to verify the signed header information in the purchase request using the same algorithm stored in the decryption unit 164 that the plug-in 178 used to sign the information (step 630). A comparison of the decrypted information is made with the header 202 information included in the purchase request (step 622). If the decrypted header information matches the corresponding header 202 information sent as part of the purchase request, verification of the buyer's purchase request has successfully occurred (step 624). If there is not a match, the transaction is terminated (step 624625). Assuming verification is successful, the broker computer 132 then calculates a MAC in the same manner that the merchant 106 calculated the MAC contained in the header 202 using the merchant specific data residing in the merchant data base 160 (merchant key  $K_m$  obtained by correlation to merchant ID in purchase request) together with the other information needed to calculate the MAC and contained in the header 202 (step 626). If the broker calculated MAC matches the MAC in the header (step 628), verification that the header 202 information is actually that of the merchant 106 occurs (step 630). Thus, if an unscrupulous buyer attempted to change, for example, the price in the header 202, a MAC match would not occur and the transaction would be terminated (step 632).

Therefore, a reliable price check mechanism is incorporated in the online payment system 100.

In the claims:

1. (Amended) A method for facilitating electronic refunds in an online commercial transaction, the method comprising the steps of:

A) establishing communication over a network between a payment computer and a buyer computer, the payment computer having a vault with buyer funds therein and a refund account for a buyer;

~~B) creating at the payment computer a vault having buyer funds therein and a refund account for a buyer;~~

GB) receiving at the payment computer a plurality of requests from the buyer computer to purchase items, each of the plurality of requests being associated with a corresponding one of the items;

DC) accepting the plurality of requests to purchase items and debiting the vault to account for costs related to all of the items;

ED) receiving at the payment computer from the buyer computer a buyer selected request to refund the cost of at least one of the corresponding ones of the items; and

FE) upon receipt of the request to refund, the payment computer accounting for the cost of the at least one of the corresponding ones of the items in the refund account and ~~credits~~crediting the vault with the cost of the at least one of the corresponding ones of the items thereby effectuating a refund to the buyer.

5. A method as recited in claim 4, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step ~~FE~~) from occurring.
6. A method as recited in claim 5, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step ~~FE~~) from occurring.
7. A method as recited in claim 6, further comprising keeping at the payment computer a count of the number of additional requests to refund the costs of other ones of the corresponding ones of the items and inhibiting step ~~FE~~) from occurring if the number exceeds a threshold number.
10. A method as recited in claim 9, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step ~~FE~~) from occurring.
11. A method as recited in claim 10, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step ~~FE~~) from occurring.

12. A ~~broker~~payment computer having a computer-readable medium including computer-executable instructions for performing the steps in the computer-implemented method of claim 1.

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